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SOURCE Informativni prirucnik o Jugoslaviji; Book 1, Section 9, 1950; Section 10-11, 1951.

YUGOSLAV FOREIGN TRADE IN 1949 AND 1950

FOREIGN TRADE IN 1949

The following report is [] taken from the Informativni prirucnik o Jugoslaviji, a handbook published irregularly since late 1948 by the Yugoslav Directorate of Information.

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Yugoslav foreign trade was forced to make an abrupt reorientation in the second half of 1948 and throughout 1949 because the Eastern Bloc countries severed economic connections and instituted an economic blockade. Participation of the Eastern Bloc countries in Yugoslav foreign trade was substantial (in 1947 they shared 49.1 percent of the export and 51.8 percent of the import; and in 1948, 49.6 percent of the export and 43.3 percent of the import). These countries not only withdrew from every commercial agreement with Yugoslavia in mid-July 1949, but also refused to deliver the goods Yugoslavia had already paid for.

It was necessary to expand the country's economic relations with countries other than those of the Eastern Bloc. Yugoslavia continued its economic connections with all countries that strictly adhere to the principles of equality and independence.

Volume and Structure of Foreign Trade

Imports in 1949 remained on approximately the same level as in 1948, reaching prewar levels, while exports were considerably less. This resulted from the fact that Yugoslavia was required to seek new markets, that prices of exports slumped on international markets in 1949, that Yugoslavia did not avail itself of all existing possibilities, and that currency devaluation was put into effect in 1949 by a number of countries with which Yugoslavia had trade relations.

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The 1935/39 - 1949 foreign trade of Yugoslavia with individual countries was as follows (in percent of total imports and exports):

<u>Country</u>	<u>Imports</u>			<u>Exports</u>		
	<u>1935/39</u>	<u>1948</u>	<u>1949</u>	<u>1935/39</u>	<u>1948</u>	<u>1949</u>
USSR	0.1	10.7	1.6	0.1	15.0	4.9
Czechoslovakia	11.5	17.5	6.2	11.2	16.0	4.5
Hungary	3.3	4.4	3.0	4.3	8.9	2.6
Poland	1.2	7.3	2.3	1.0	7.9	1.6
Rumania	2.1	1.8	0.4	0.8	1.0	0.2
Bulgaria	0.2	1.7	0.2	0.2	1.0	0.1
West Germany*	31.1	4.2	5.4	26.4	1.7	5.6
Austria	7.8	4.7	8.8	9.7	6.2	11.0
Great Britain	8.0	4.6	12.8	7.7	6.3	19.4
Italy	8.3	10.7	11.7	9.2	8.2	10.3
United States	5.9	3.4	8.5	5.0	2.6	8.0
France	2.7	1.9	2.9	2.6	1.5	4.3
Switzerland	1.9	4.1	6.7	2.2	3.4	3.2
Belgium	1.6	5.4	5.1	5.9	2.2	2.2
Netherlands	1.4	7.2	8.7	1.6	6.4	7.0
Argentina	1.5	2.3	4.7	0.7	0.5	3.0
Egypt	0.9	1.8	3.2	0.9	3.2	1.7
Sveden	0.5	1.6	2.5	0.6	2.8	2.7

*Figures for West Germany are for 1949 only [sic].

The import structure for 1935/39 - 1949 was as follows (in percent of total imports):

	<u>1935/39</u>	<u>1948</u>	<u>1949</u>
<u>Production</u>	51.7	62.4	65.5
Raw materials	14.5	22.3	22.5
Semifinished products	29.2	20.9	21.0
Fuels	5.4	9.0	12.0
Technical material	2.6	10.2	10.0
<u>Capital Goods</u>	21.8	29.6	25.1
Machines and equipment	7.2	10.5	11.4
Investment material	10.0	12.1	9.5
Transport facilities	4.6	6.7	4.2
Livestock for breeding	0.0	0.3	0.0
<u>Consumers' Goods</u>	26.5	8.0	9.4
Agricultural and livestock	3.2	0.8	1.0
Food industry	0.2	0.1	3.6
Textile, leather, and rubber goods	10.0	5.1	1.8
Metals industry	3.9	1.2	2.3
Other industries	8.4	0.6	0.6
Goods for cultural purposes	0.8	0.2	0.1

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Specific exports for 1935/39 - 1949 were as follows (in percent of total exports):

	1935/39	1948	1949
Wheat	5.8	2.7	0.6
Fruit, vegetables, and their products	5.6	4.8	6.3
Alcoholic beverages	0.2	4.6	2.6
Industrial plants	12.1	17.4	9.8
Livestock, meat products, and fats	17.8	2.5	3.7
Poultry, eggs, and milk products	6.0	0.8	0.7
Cut lumber	11.5	13.2	24.6
Forest products	4.5	13.2	9.0
Finished wood products	0.7	1.7	1.8
Industrial products (construction material, chemical products, iron alloys, etc.)	6.7	7.6	5.6
Ores and metals (other than iron)	14.6	12.4	18.0
Iron ore	1.3	1.6	1.5
Coal	0.1	1.5	2.3

Trade Agreements

During 1949, Yugoslavia concluded new trade agreements with Great Britain, West Germany, France, Egypt, and Israel, and renewed agreements with Sweden, Finland, Denmark, Norway, and Austria. Although Eastern Bloc countries did not officially cancel agreements, they ceased to be valid, since these countries had ceased to honor them.

A trade agreement between Yugoslavia and Great Britain was concluded on 26 December 1949 for a 5-year period. It insures all conditions needed for equitable exchange of goods. It provides established quotas for basic articles in two lists. The agreement makes it possible to exchange other goods in which both parties are interested. In addition, equal rights are insured for maritime shipping. The agreement provides for credit assistance in the form of short-term and long-term loans.

At the same time, both governments agreed upon the method and conditions of paying for British property involved in Yugoslav nationalization.

Two agreements were concluded with Egypt on 12 June 1949, one a trade and the other a payment agreement. The trade agreement contains the usual stipulations concerning the issue of permits and elimination of difficulties when issuing them. In addition, compensations to counteract changes are provided for.

The payment agreement regulates payments by means of an account at the National Bank of Egypt. A special protocol regulates the liquidation of balances after the agreement's expiration, the problem of re-export, and some other questions.

The agreement on exchange of goods between Yugoslavia and Israel contains the usual stipulations governing the issuance of import and export permits and agreement to give favorable consideration to import and export applications for goods not included in quota lists. Payments are to be made as follows: 60 percent of exports from Yugoslavia are to be paid for with free dollars, 20 percent with imports from Israel, and 20 percent with property of emigrants who have left Yugoslavia for Israel. In addition, an exchange of notes provides for delivery of box parts by Yugoslavia.

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The trade agreement concluded 31 March 1949 between West Germany and Yugoslavia contains lists of Yugoslav exports and imports. Tobacco export and payments for imported coke are regulated by later correspondence. An amendment broadens and changes the previous payment agreement of 28 April 1948. Amendments of 19 August 1949 change the list of imports and exports and increase the amount of manipulative credit. A supplement to the agreement of 31 March 1949 increases the scope of export and import and regulates the import of Yugoslav agricultural products. A payment agreement signed on the same day provides for existing accounts in national currencies to be merged into a joint account in US dollars, thus solving the question of the amount of manipulative credit and the question of payments for various services.

One-year trade and payment agreements between Yugoslavia and France concluded on 21 May 1949. The trade agreement provided for the most favorable handling of applications for import or export permits within the limits of quota lists, provides for expanding the lists, and provides for compensations /to counteract changes/. The payment agreement regulates payments to be made through the national banks of the two countries and establishes a manipulative credit.

The protocol between Sweden and Yugoslavia of 21 May 1949 establishes new quota lists for the following year. The protocol of the joint Swedish-Yugoslav commission of 17 September 1949 replaces the former export list with a new one, provides for utilizing export credits in Sweden, and solves the problem of annuities to be paid for nationalized property.

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A supplementary protocol to the trade agreement of 12 September 1949 between Yugoslavia and Finland establishes new quota lists for 1 October 1949 to 31 December 1950.

A protocol on trade between Yugoslavia and Denmark establishes new quota lists for 1 April 1949 to 31 March 1950.

An exchange of notes between Yugoslavia and Norway extends the trade and payment agreement of 30 August 1946, establishes new quota lists for 1 May 1949 to 30 April 1950, and establishes a special list for investment purchases.

Two protocols were signed by Yugoslavia and the Netherlands in accordance with the existing trade agreement. The first one, concluded on 18 June, provides for extension of the previous quota lists to 31 October 1949. The second protocol, signed on 7 November 1949, establishes quota lists for the next year. The payment agreement was also extended and provisions were made for increasing manipulative credit. The protocol also solves the problem of liquidation of prewar clearings and also of clearings which involved the Netherlands during the German occupation of Yugoslavia.

The protocol of 12 November 1949 between Yugoslavia and Austria establishes the validity of new expanded quota lists and contains payment regulations for goods of less economic importance. The protocol is supplemented by notes regarding individual items on quota lists and certain general questions.

FOREIGN TRADE IN 1950

Yugoslavia's economic relations with foreign countries continued to develop in 1950 along the same lines as in 1949. The Eastern Bloc continued its economic blockade of the country, resulting in no trade relations with those countries.

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Yugoslavia secured new markets in which to sell and purchase goods and developed economic relations with foreign countries in a way and to an extent most suitable to the country's interests.

Price increases in world markets and the 1950 drought influenced Yugoslav foreign trade unfavorably and created special difficulties in trade and in the payment balance.

The export of agricultural and food products almost completely ceased in 1950 because of their scarcity and the federal government forbade their export because of the guaranteed supply system. In 1950 - 1951, export as a whole will be about 30 percent lower than usual because of the drought. Therefore, various measures were taken to increase exports in other sectors and to reduce imports to a minimum.

Volume and Structure of Foreign Trade

The table following shows imports and exports in 1950 (in percent of total imports and exports):

<u>Country</u>	<u>Imports</u>	<u>Exports</u>
USSR	0.0	0.0
Czechoslovakia	0.0	0.0
Hungary	0.0	0.0
Poland	0.0	0.0
Rumania	0.0	0.0
Bulgaria	0.0	0.0
West Germany	0.0	0.0
Austria	16.2	10.3
Great Britain	7.3	10.1
Italy	17.7	19.2
United States	10.5	10.9
France	20.7	11.1
Switzerland	2.9	3.2
Belgium	2.6	4.0
Netherlands	1.5	2.9
Argentina	3.5	3.8
Egypt	5.7	5.3
Sweden	6.7	5.0
	1.3	2.5

The import structure in 1950 was as follows (in percent of total imports):

Production	68.1
Raw materials	26.3
Semifinished products	24.6
Fuels	8.9
Technical material	8.3
Capital Goods	26.1
Machines and equipment	10.6
Investment material	10.5
Transportation facilities	5.0
Livestock for breeding	0.0

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Consumers' Goods	5.8
Agricultural and livestock	0.9
Food industry	2.8
Textile, leather, and rubber goods	0.5
Metals industry	1.0
Other industries	0.6
Goods for cultural purposes	0.0

Specific exports in 1950 were as follows (in percent of total exports):

Wheat	0.4
Fruit, vegetables, and their products	2.8
Alcoholic beverages	0.3
Industrial plants	10.8
Animals, meat products, and fats	5.9
Poultry, eggs, and milk products	1.4
Cut lumber	25.4
Forest products	5.1
Finished wood products	0.2
Industrial products (construction material, chemical products, iron alloys, etc.)	5.4
Ores and metals (other than iron)	19.0
Iron ore	2.3
Coal	1.1

Trade Agreements

In 1950, Yugoslavia continued to develop favorable economic relations with all countries with which relations were maintained in 1949. Additional important agreements were concluded, a very important one being that with West Germany; these agreements closed substantial gaps in economic relations with foreign countries, including several Latin American countries.

A 2-year trade and credit agreement signed with Brazil on 24 February 1950 provides for very liberal handling of trade permits, based on maintaining balance in the trade and payment relations between the two countries. The quota lists are facultative; new ones will be decided on after expiration of the original. Both parties to the agreement are to examine and resolve all trade difficulties through diplomatic representatives. Equal participation of national ships in transport was agreed on.

The payment agreement provides for a clearing account in the Bank of Brazil, all payments to be made in US dollars. The agreement also provides for a manipulative credit of one million dollars.

A 2-year trade agreement concluded with Uruguay on 4 January 1950 provides for very liberal handling of permits and designates very liberal procedures regarding the allotment of quotas and foreign exchange credits. The payment agreement of 7 July 1948 was extended with slight changes.

A 2-year trade and payment agreement with Paraguay concluded on 17 January 1950 provides for mutual assistance in the issuance of permits within the limits of the manipulative credit. The payment section of the agreement establishes a non-interest-bearing clearing account at the National Bank of Yugoslavia for all payments, which are to be in US dollars.

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A trade agreement with Mexico signed on 17 March 1950 provides for very liberal handling of permits.

A one-year agreement with Peru, signed on 26 July 1950, contains suggested selected quota lists for export and import and provides for the possibility of trade in goods not included on the lists. The agreement stipulates payment in US dollars.

In addition to the trade agreement of 7 June 1948, two supplementary protocols were concluded with Argentina on 20 January 1950.

The first supplementary protocol regulates commercial trade, provides for mutual assistance in the import and export of goods specified by facultative quota lists, and provides for import permits to be issued for items not on quota lists. It also provides for a joint commission to be created to promote trade and supervise fulfillment of the terms of the agreement.

The second supplementary protocol regulates payment. All payments are to be in US dollars in a single account except for 10 percent of the leather and wool purchased by Yugoslavia. A manipulative credit is also established by the protocol.

In addition to the trade agreement of 31 March 1949 between Yugoslavia and West Germany, two supplementary new protocols were concluded.

The first protocol, signed on 18 April 1950, stipulates that trade will be conducted in accordance with Yugoslav and West German import and export regulations and establishes quota lists for import and export. A payment agreement, made in an addendum to the protocol, provides that each country maintain a separate account in its national currency; the trade balance is to be expressed in US dollars in a non-interest-bearing account.

The second protocol, concluded on 1 November 1950, provides for the first time since the cessation of hostilities, for very liberal handling of permits. In addition to regular trade, two-way export amounting to 147 million German marks is planned for 1950 - 1955. Yugoslav deliveries are fixed to begin in 1952. Various regulations are planned in regard to Yugoslav export, payment, credit, and balance adjustments. A joint commission to settle difficulties that may arise is planned.

An economic and financial agreement was signed with Italy on 23 December in accordance with Article 74B of the Peace Treaty. Italy is to put funds at the disposal of the Yugoslav government as a first reparations payment, and Yugoslavia is to place certain funds at the disposal of Italy as payment for nationalizing Italian property, rights, and interests. Italy is to deliver to Yugoslavia a number of specific items and Yugoslavia is to furnish part of the raw material for the production of these items.

A one-year trade agreement signed with Egypt on 7 August provides for very liberal handling of permits, for compensations to counteract changes, and provides terms for the liquidation of eventual balances.

A trade and payment agreement signed with Turkey on 5 January provides for very liberal handling of permits and contains import and export quota lists. The payment agreement provides that payments for imports to Turkey will be paid into the National Bank of Turkey in US dollars at the official exchange rate; payments for imports to Yugoslavia will be paid into the National Bank of Yugoslavia in the same manner. The agreement also provides for a manipulative credit.

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Trade and payment agreements, signed with Norway on 30 August 1949, were extended for one year by a protocol signed on 26 May 1950. New annual trade lists were established for the same period.

A trade and payment protocol was signed in Belgrade with Sweden on 19 August extending the trade agreement of 12 April 1947 to 30 June 1951. New quota lists were established for the same period.

A protocol between Yugoslavia and Denmark, signed on 16 October, extends the trade agreement of 8 April 1949 and the supplementary protocol of 26 June 1947. New quota lists were established.

New trade lists were established with Switzerland on 1 April 1950. These lists were renewed on 30 December 1950 for 1951.

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